

BRICK TOWERS TENANT LEAGUE
VIRGINIA JONES, PRESIDENT
(March 16, 2001)

SUMMARY OF PROPOSED BTTL/NHA/SP-VOGUE
BRICK TOWERS MODERNIZATION PLAN

The following is a summary of the proposed Brick Towers modernization plan, intended to preserve a valuable affordable housing resource while contributing to the creation of a healthy, viable community. The proposal envisions a vital role for the Newark Housing Authority in maximizing federal funds for the plan, while eliminating NHA's exposure to possible liability.

The Brick Towers Tenants League (BTTL) has reached an agreement in principle with SP-Vogue Urban Partners, L.L.C. (SP-Vogue), to establish a Joint Venture for the modernization and long term management of Brick Towers. The goals of the modernization plan for Brick Towers is to enhance the quality of life of residents and the surrounding community by reducing density at the site, promoting mixed-income housing and include programs and amenities that promote opportunities for self-sufficiency.

BTTL and SP-Vogue recognize that making this vision for Brick Towers a reality requires that the ultimate ownership entity be a resident controlled non-profit. This element is already in place. With the assistance of Professor Robert Holmes of the Rutgers Urban Legal Clinic, the BTTL late last year established the non-profit Brick Towers Resident Corporation to pursue non-profit, tenant ownership and rehabilitation of Brick Towers. Professor Holmes will continue to assist the BTTC with necessary transactional matters.

A critical part of ensuring Brick Towers' future affordability is to maximize the use of federal funds available for the modernization, as well as Bond Financing and/or Low Income Tax Credits. It is here that the Newark Housing Authority (NHA) can play a unique and invaluable role by acting as a conduit for available federal funds and issuing needed bond financing.

At the present time, only the NHA can acquire title to the property through a negotiated sale and also secure the available up-front grant of up to \$40,000.00 per apartment for the project. Since this approach requires the NHA to actually take title to the property, the BTTL and SP-Vogue recognize that the NHA cannot reasonably be expected to undertake this role absent assurances that it will be held-harmless. BTTL and SP-Vogue are strongly committed to ensuring that the NHA is held harmless and faces no exposure as a

SUMMARY -- BTTL/NHA/SP-Vogue
BRICK TOWERS MODERNIZATION (3/16/01)

result of its participation in the proposed modernization plan.

As such, the BTTL and SP-Vogue propose that a simultaneous or immediate transfer of ownership to the Joint Venture entity take place upon the NHA acquiring title from HUD. Should escrow or other issues pose the possibility of delays, SP-Vogue agrees to secure and post such bond(s) as may be necessary to ensure that a simultaneous or immediate transfer of title to the Joint Venture entity can take place.

A final note on this point is that the Joint Venture entity will agree to be bound by and comply with any such conditions as HUD may impose on the NHA as part of the negotiated sale.

As noted above, the BTTL/SP-Vogue joint venture will also require bond financing to make the Brick towers modernization a reality. Here too the NHA can provide vital assistance to the Brick Towers modernization by issuing the bonds necessary to carry out this much needed boost to Brick Towers, the surrounding community and Newark as a whole.